

cc: Steve Alder

Cause Nos. M/049/009,
M/049/024, E/049/046
Board File

CHIEF CONSOLIDATED MINING CO.

1629 Locust Street
Philadelphia, PA 19103

June 30, 2006

Mr. John R. Baza, Director
Division of Oil, Gas and Mining
Utah Department of Natural Resources
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84116-5703

**RE: CHIEF CONSOLIDATED MINING COMPANY-
REQUEST FOR AMENDMENT TO STIPULATION FOR
CONTINUANCE AND FOR DISMISSAL OF NOTICE OF
AGENCY ACTION-DOCKET NO. 2005-013**

Dear Mr. Baza:

This letter is sent pursuant to discussions between the Division of Oil Gas and Mining (hereinafter the "Division") and Chief Consolidated Mining Company (hereinafter the "Company" or "Chief") held on June 12, 2006. These discussions focused upon a Stipulation For Continuance And For Dismissal Of Notice Of Agency Action (hereinafter the "Stipulation"), that has been entered in this administrative action. Pursuant to those discussions, Chief believes it has reached an understanding with the Division, which I have endeavored to set forth below.

As a preliminary matter, the Company understands that it has complied with Paragraphs 1 through 3 of the Stipulation. Specifically, with regard to Paragraph 1 of the Stipulation, Chief has now paid all outstanding fees along with the initial penalty. With regard to Paragraph 2 of the Stipulation, Chief has fully complied with this requirement. As to Paragraph 3 of the Stipulation, Chief has provided additional surety of \$38,100 and this amount is acceptable to the Division. Pursuant to Paragraph 4, we therefore understand that the "Request For Agency Action" will now be held in abeyance.

As to Paragraph 5 of the Stipulation, we have had discussions with the Division concerning uncertainties that developed during our attempt to comply with these requirements. These uncertainties led to the meeting with Division members on June 12th

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DIV. OF OIL, GAS & MINING

2006. It is these uncertainties, along with a request from Susan White (Mining Program Coordinator) that has led to this current communication.

Through our discussions prior to the May 15th 2006 deadline of Paragraph 5, Chief has provided details of its immediate mining activities planned for this year, and would point out that, until the results of these activities are available, Chief is unable to provide any further meaningful mining information.

At the June 12th 2006 meeting, Chief and the Division agreed that they would co-operate to ensure that all the data relating to current disturbances would be made available in a manner and fashion acceptable to the Division. Chief met with Division staff on the property on June 20, 2006 to review existing disturbance and current exploration plans, discuss and view areas in the permit never disturbed and not part of the current mine plan (these areas will be removed from the approved permit), and inspection of all areas deemed appropriate by Division staff. This is a part of on-going efforts to update the existing permits.

Our further discussions established that there was no reason to delay or stop the execution of this year's mining program. In fact it was a desirable element, since the results would determine the way forward to a feasibility study. This study would outline eventual production plans. These plans could include a new mining operation at the Burgin and Zuma areas as well as a Desalination Plant for the Burgin water.

It was opined by the Division that the work at the Burgin could fall under the aegis of the existing permit. There would be no disturbance to the surface since all activities would be underground.

The work at the Zuma, for the most part, would also fall under the existing permit. However, it was possible that some drilling would take place outside and adjacent to the permit area. If this in fact occurred, then a conventional Exploration Permit application would be made.

In view of these matters, Chief is requesting an amendment to the Stipulation as follows:

REQUEST FOR AMENDMENT

Requested Amendment to Paragraph 5. Chief is requesting that Paragraph 5 be amended so as to allow relief from the requirement to provide additional Reclamation Plan information before commencing mining or exploration operations.

Requested Amendment to Paragraph 6. Chief is requesting that Paragraph 6 be amended so as to allow relief from the June 30th 2006 deadline. This will allow the collaboration between the Division and Chief referred to above.

Requested Amendment to Paragraphs 7, 8, 9 and 10. Chief is requesting amendment to Paragraphs 7, 8, 9, and 10 so that they are consistent with the changes requested in paragraphs 5 and 6.

I believe that at the June 12th 2006 meeting, the Division was in favor of allowing this year's mining work to be completed. I trust you also will be favorably inclined. If there is any further information or clarification needed please let us know.

Respectfully submitted,

A handwritten signature in black ink, reading "Richard R. Schreiber". The signature is written in a cursive, flowing style.

Richard R. Schreiber
CEO
Chief Consolidated Mining Co.

CC: Mary Ann Wright